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Reading List, Macro II, Part I, Spring 2020

Business Cycle Facts

Romer D (2012), *Advanced Macroeconomics*, McGraw-Hill, Chapter 5.1

* Danthine, J. P. and J. B. Donaldson (1993), Methodological and Empirical Issues in Real Business Cycle Theory, *European Economic Review* 37, 1-35.

Hassler, J., Lundvik, P. and Söderlind, P. (1994), The Swedish Business Cycle – Stylized Facts Over 130 Years, in Bergström, V. and Vredin, A. (ed), *Measuring and Interpreting Business Cycles*, Clarendon Press.

Stock, J and Watson, M. (2003), Has the Business Cycle Changed and Why?, *NBER Macroeconomics Annual* 2002, 159-230.

The RBC/ Classic Monetary Model

** Galí, J. (2015) *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press, Ch. 2.

Romer D (2012), *Advanced Macroeconomics*, McGraw-Hill, Chapter 5.2-5.8, 5.10

King, R. & Rebelo, S., (1999), Resuscitating Real Business Cycles, In M. Woodford and J. B. Taylor, editors, *Handbook of Macroeconomics*. Elsevier, Amsterdam

Rebelo, S. (2005), Real Business Cycle Models: Past, Present and Future, *Scandinavian Journal of Economics* 107(2), 217–238

The New Keynesian Model

Does Money Matters

** Galí, J. (2015) *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press, Ch 1.1,1.2.

Romer D (2012), *Advanced Macroeconomics*, McGraw-Hill, Chapter 5.9-5.8

Adolfson, M., Andersson, M., Lindé, J., Villani, M. and Vredin, A. (2007) Modern Forecasting Models in Action: Improving Macroeconomic Analyses at Central Banks, *International Journal of Central Banking*, 111-144.

Carlsson, M. and Nordström Skans, O. (2012), Evaluating Microfoundations for Aggregate Price Rigidities: Evidence from Matched Firm-Level Data on Product Prices and Unit Labor Cost, *American Economic Review* 112, 1571-1595.

Christiano, L. J., Eichenbaum, M., and Evans, C. L. (1999). Monetary policy shocks: What have we learned and to what end? In M. Woodford and J. B. Taylor (ed), *Handbook of Macroeconomics*.

Nakamura, E., and J. Steinsson (2008), Five Facts About Prices: A Reevaluation of Menu Cost Models, *Quarterly Journal of Economics*, 123, 1415-1464.

Walsh, C. E. (2003), *Monetary Theory and Policy*, chapter 1, MIT Press, Cambridge Massachusetts.

Sticky Prices – The Basic New Keynesian Model

** Clarida, R, J Galí, and M Gertler (1999), The Science of Monetary Policy: A New Keynesian Perspective, *Journal of Economic Literature* 37, 1661-1707. (Overview to this and subsections below)

** Galí, J (2015), *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press, Ch 3.

Woodford, M, (2003) *Interest and Prices*, Princeton University Press (Full coverage of this and subsections below)

Dotsey, M. King, R & Wolman A. (1999), State-Dependent Pricing and the General Equilibrium Dynamics of Money and Output, *Quarterly Journal of Economics* 114, 655-690.

Mankiw G. & Reis, R. (2002), Sticky Information Versus Sticky Prices: A Proposal To Replace The New Keynesian Phillips Curve, *Quarterly Journal of Economics* 117, 1295-1328.

Mackowiak, B & Wiederholt, M. (2009), Optimal Sticky Prices under Rational Inattention, *American Economic Review* 99, 769-803.

Roberts, J. (1995), New Keynesian Economics and the Phillips Curve, *Journal of Money, Credit and Banking* 27, 975-984

Rotemberg, J. (1982), Sticky prices in the United States, *Journal of Political Economy* 90, 1187–1211.

Romer, D. (2006), *Advanced Macroeconomics*, McGraw Hill, Ch 6.9 (Lucas Supply Curve)

Monetary Policy Design / Optimal Policy

** Galí, J (2015), *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press, Ch. 4 (Monetary Policy Design in the New Keynesian Model), Ch. 5 (Optimal Policy).

** Clarida, R, J Galí, and M Gertler (1999), The Science of Monetary Policy: A New Keynesian Perspective, *Journal of Economic Literature* 37, 1661-1707.

Svensson, L. E. O. (2003) What is wrong with Taylor rules? Using judgment in monetary policy through targeting rules, *Journal of Economic Literature*, 41, 426-477.

Woodford, M, (2003) *Interest and Prices*, Princeton University Press

Topics in the NK model

* Unemployment: Gali (2015) Ch. 8

* Open economy: Gali (2015) Ch. 9

* Debortoli, D. and J. Gali (2017), "Monetary Policy With Heterogeneous Agents: Insights from TANK models", mimeo, UFP.

* Del Negro, M., M. Giannoni and C. Patterson (2015), ["The forward guidance puzzle"](#).

Christiano, Trabandt, and Rebelo (2020), ["The macroeconomics of epidemics"](#).

Gali, J (2020),. ["The Effects of a Money-Financed Fiscal Stimulus"](#), forthcoming, Journal of Monetary Economics.